

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
DURHAM DIVISION**

IN RE:	§	CASE NO. 14-81184
	§	
UNIVERSITY DIRECTORIES, LLC, et al	§	(Consolidated for Purposes of
	§	Administration)
DEBTORS.	§	CHAPTER 11

**MOTION TO CONVERT CASE OF VILCOM INTERACTIVE MEDIA,
LLC, TO CHAPTER 7 OR ALTERNATIVELY TO DISMISS**

COMES NOW, creditor UDX, LLC (“UDX” or “Movant”) and files this motion to dismiss or convert to chapter 7 (the “Motion”) the bankruptcy case of VILCOM INTERACTIVE MEDIA, LLC (“Vilcom”), In support of the Motion, UDX respectfully states as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Consideration of this Motion is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicate and rules governing the relief sought herein are 11 U.S.C. §§ 105, and 1112 and Federal Rules of Bankruptcy Procedure 1017 and 9014.

BACKGROUND

2. On October 24, 2014 (the “Petition Date”), the Debtors commenced their cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

3. Harrington Bank, FSB (“Bank”) is a North Carolina bank which was acquired through merger by Bank of North Carolina in 2014. Debtors entered into a series of loan agreements, security agreements and promissory notes with Harrington Bank, FSB prior to the merger (the “Loan Agreements”). The indebtedness called for in the Loan Agreements is secured

by the granting of liens and security interests in certain property of the Debtors (the “Collateral”). The Collateral is fully described in the Loan Agreements, but generally, the Debtors granted security interests/liens in all of Debtors’ business assets, including cash and cash equivalents, and the assets of certain affiliates who are not named Debtors, as well as certain pieces of real property.

4. On October 10, 2014, UDX purchased from Bank of North Carolina (“BONC”), BONC’s position in certain of the Loan Agreements with the Debtors. Also on October 10, 2014, Southland National Insurance Corporation (“SNIC”) purchased from BONC, BONC’s position in the VRD Loan Agreements. On October 21, 2014, UDX purchased from SNIC, SNIC’s position in the VRD Loan Agreements. UDX is now the owner and holder of all of the Loan Agreements.

5. Prior to the Petition Date, Debtors committed multiple defaults and breaches of the Loan Agreements. Also prior to the Petition Date, UDX filed suit against Debtors, and James Heavner in the Superior Court of Durham County, North Carolina to recover damages and equitable relief for common law breach of contract, injunctive relief, claim and delivery, attachment and receivership.

6. Cause exists to dismiss the case of Vilcom, or convert it to a case under chapter 7, because of the continuing loss and diminution of each of their estates and the absence of a reasonable likelihood of rehabilitation.

RELIEF REQUESTED

7. Movant requests that the Court convert the case of Vilcom to a chapter 7 proceeding, or dismiss this case, whichever is in the best interests of the creditors and the estates.

8. As the Court is aware from several cash collateral and dip financing hearings, Vilcom is operating cash flow negative, and currently does not have the ability to sustain operations beyond the end of June, 2015. The exclusivity period has passed without a plan being

proposed. A motion to sell substantially all of Vilcom's assets was filed recently, but subsequently withdrawn.

9. Section 1112(b)(1) of the Bankruptcy Code provides:

Except as provided in paragraph (2) and subsection (c), on request of a party in interest, and after notice and a hearing, the court shall convert a case under this chapter to a case under chapter 7 or dismiss a case under this chapter, whichever is in the best interests of creditors and the estate, for cause unless the court determines that the appointment under section 1104(a) of a trustee or an examiner is in the best interests of creditors and the estate.

11 U.S.C. § 1112(b)(1).

10. Section 1112(b)(4) of the Bankruptcy Code provides:

For purposes of this subsection, the term "cause" includes - substantial or continuing loss to or diminution of the estate and absence of a reasonable likelihood of rehabilitation;

11 U.S.C. § 1112(b)(4).

11. Because Vilcom has no means to continue its operations beyond the end of this month, (ii) has no unencumbered assets, and (iii) has no proposed plan or 363 sale available to it, there is no reasonable likelihood that Vilcom will be able to confirm a plan under chapter 11. There is no reason to subject Vilcom's creditors or estate to the time and expense of chapter 11 proceedings. Dismissal or conversion to chapter 7 provides a more efficient procedure.

WHEREFORE, PREMESIS CONSIDERED, Movant prays that this Court (i) grant the Motion; (ii) convert the case of Vilcom to chapter 7 proceeding or dismiss the case, whichever is in the best interests of creditors and the estates; and (iii) grant Movant such other and further relief to which it may be entitled.

Dated: June 22, 2015
Durham, North Carolina

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CERTIFICATE OF SERVICE

I hereby certify that I electronically filed the foregoing with the clerk of Court using the CM/ECF system which will send electronic notification of such filing to the following, and all other parties who have filed a notice of appearance:

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Signed this the 22nd day of June 2015.

/s/ J. Seth Moore
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